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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

SOUTH EDGE, LLC,

Involuntary Debtor.

Case No. 10-32968

Chapter 11

**MOTION FOR SECTION 105
STATUS CONFERENCE**

JPMorgan Chase Bank, N.A., as a petitioning creditor (“JPMorgan” or “Movant”), moves this Court in accordance with Section 105(d)(1) of Title 11 of the United States Code (the “Bankruptcy Code”) to hold a status conference for the express purpose of scheduling a timely hearing date on the involuntary petition and the related motions filed in this case to the extent each pleading is properly contested by South Edge, LLC (the “Debtor”) and, if necessary, establishing an appropriate pleading schedule ahead of such hearing. In further support of this motion, JPMorgan states as follows:

1 1. Section 105(d)(1) of the Bankruptcy Code provides that on the request of a party in
2 interest, the court “shall hold such status conferences as are necessary to further the expeditious
3 and economical resolution of the case.” Section 105(d)(2) of the Bankruptcy Code further
4 provides that, to the extent it is not inconsistent with another provision of the Bankruptcy Code or
5 with the applicable Federal Rules of Bankruptcy Procedure, the court may “issue an order at any
6 such conference prescribing such limitations and conditions as the court deems appropriate to
7 ensure that the case is handled expeditiously and economically.”

8 2. Contemporaneously with its filing of the involuntary petition, JPMorgan also filed
9 a (i) Motion to Appoint an Interim and Permanent Chapter 11 Trustee for South Edge, LLC
10 During (A) the “Gap” Period and (B) On A Permanent Basis (together with three supporting
11 declarations, the “Trustee Motion”), and (ii) Motion to Seal, which seeks to protect certain details
12 of specific documents annexed to the supporting declarations to the Trustee Motion and described
13 in the Trustee Motion.

14 3. South Edge is much more than a single-asset real estate limited liability company.
15 It is a complex real estate joint venture originally comprised of eight of this nation’s largest
16 homebuilders, which owns nearly 2,000 acres in Henderson, Nevada. South Edge is supposed to
17 be developing a master-planned community called Inspirada, which when originally conceived
18 was to include roughly 8,500 residences as well as shopping areas, parks, trails, cultural centers,
19 and other amenities, spread over nearly 2,000 acres of land in seven “Villages.” In addition to the
20 Villages, a centrally-located, 300-acre “Town Center” was to be an urban destination for retail,
21 residential, commercial, gaming, office, civic and municipal uses, and was to include an
22 additional approximately, 3,000 residences. The Villages and Town Center were supposed to
23 include two middle schools, three elementary schools, a fire station, a police station, three
24 community parks, six neighborhood parks and miles of trail systems.
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1 4. However, South Edge is suffering at the hands of its current managers, and
2 development of this “new urbanism” project was affirmatively “suspended” by the Debtor’s
3 insiders over two and a half years ago when the majority of South Edge’s members voted to cease
4 any further funding of the project and refused to adhere to their contractual obligations, such as
5 acquiring land from South Edge on a pre-determined schedule.

6 5. Since the shutdown of the project, South Edge’s managers have squandered
7 opportunities to fund and complete revenue-generating projects. Moreover, they resist pursuing
8 any serious efforts to preserve South Edge’s value through the constructive use of LID funds.

9 6. As set forth in great detail in the Trustee Motion, the Movant seeks the
10 appointment of both an interim and permanent Chapter 11 trustee, because it believes that the
11 sooner an independent and objective fiduciary can be put in place of South Edge’s current self-
12 dealing management group, the better are South Edge’s chances of protecting and preserving the
13 value of its asset, re-negotiating and shaping a more feasible development plan with the City of
14 Henderson, and salvaging the possibility that a viable and sustainable community in Henderson,
15 Nevada can one day be developed.

16 7. Accordingly, in light of the significant overlapping factual issues relating to the
17 matters that have been brought before the Court, the Movant respectfully requests that the Court
18 schedule a status conference at its earliest convenience and consider setting a hearing date(s) on
19 the involuntary petition, the Trustee Motion and the Motion to Seal.

20 8. Moreover, because the Arbitration Award (discussed in greater detail in both the
21 Trustee Motion and the accompanying declaration of James E. Hough, Esq.) limits the
22 circumstances under which a Member can properly act for the Debtor, the Court should set
23 guidelines at the outset of the case, which are consistent with the Arbitration Award, that clearly
24 define who may speak for the Debtor and under what circumstances. However, as stated in the
25 Motion to Seal, the Arbitration Award is subject to a confidentiality agreement, and the substance
26

1 of the Arbitration Award can not be publicly disclosed in accordance with the terms of the
2 agreement. Therefore, the Movant suggests that the Court conduct the status conference *in*
3 *camera* so that the parties can freely discuss the implications of the Arbitration Award with the
4 Court.

5 9. For these reasons, the Movant asserts that the Court will benefit from a timely
6 status conference, because the Debtor can advise the Court whether it intends to argue its right to
7 contest the petition or the request for interim and permanent Chapter 11 trustees. Moreover, a
8 determination of whether a trial on a contested petition will be necessary will further the
9 expeditious and economical resolution of the case.

10 10. For the foregoing reasons, JPMorgan respectfully requests that the Court schedule
11 a status conference at its earliest convenience pursuant to Section 105(d) of the Bankruptcy Code.

12 Dated: December 9, 2010.

13 **LEWIS AND ROCA LLP**

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